

Message Text

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ACTION XMB-04

INFO OCT-01 NEA-10 ISO-00 JUSE-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03

SP-02 CIEP-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 PA-01

PRS-01 /077 W

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R 071742Z AUG 75

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 6163

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FOR EXIMBANK; ALSO PASS DEPARTMENT JUSTICE

E.O. 11652: N/A

TAGS: EGEN EFIN BXPT EINV MO

SUBJ: EXIMBANK: VISIT TO MOROCCO BY CHAIRMAN CASEY

1. BEGIN UNCLASSIFIED. SUMMARY. CHAIRMAN CASEY TODAY CONCLUDED SUCCESSFUL THREE-DAY VISIT TO RABAT WITH CALLS ON MOROCCAN ECONOMIC MINISTERS AND OTHER SENIOR ECONOMIC, BANKING, AND BUSINESS OFFICIALS. MOROCCAN ECONOMIC LEADERSHIP NOW HAS CLEARER VIEW OF EXIM OPERATIONS (INCLUDING NEW REALIZATION OF FINANCING AVAILABILITY FOR FEASIBILITY STUDIES) AND UNDERSTANDING OF EXIM WILLINGNESS TO SUBSTANTIALLY EXPAND OPERATIONS HERE IN SUPPORT OF USE OF US EQUIPMENT AND TECHNOLOGY IN MOROCCAN DEVELOPMENT PROGRAMS. ON US SIDE, INSIGHTS GAINED REGARDING PROBLEMS IMPEDING EXPANSION OF US EXPORTS TO MOROCCO. ONE MAY BEAR JUSTICE DEPARTMENT REVIEW. END SUMMARY.

2. SCHEDULE. DURING HIS FOUR-DAY MOROCCO VISIT, EXIM CHAIRMAN CASEY CARRIED OUT EXTREMELY DEMANDING THREE-DAY RABAT SCHEDULE ARRANGED BY GOM, CALLING ON EVERY ECONOMIC MINISTRY AND AGENCY OF IMPORTANCE AS WELL AS SEEING SEVERAL DEVELOPMENT AND STATE-RELATED COMMERCIAL BANK HEADS. ON FIRST DAY,
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APPOINTMENTS CARRIED HIM TO EIGHT O'CLOCK IN EVENING AND ON

FINAL DAY BEGAN WITH EIGHT A.M. BREAKFAST. TWO WORKING LUNCHESES HELD: FIRST ARRANGED BY MINISTER OF STATE FOR COOPERATION (AND ACTING FOREIGN MINISTER) BENHIMA; SECOND BY AMBASSADOR. DURING LATTER, MR. CASEY MET NUMBER OF IMPORTANT US AND MOROCCAN BUSINESSMEN, ENABLING HIM TO VERIFY IMPRESSIONS GAINED THROUGH EARLIER CONTACTS WITH GOVERNMENT OFFICIALS.

3. MAIN IMPRESSIONS. MINISTERS AND SENIOR OFFICIALS INVARIABLY SHOWED SELVES WELL-DISPOSED TOWARDS US AND US EXPORTS, THOUGH SOME HAD MISCONCEPTIONS OF EXIM ROLE. SEVERAL EXPRESSED DISAPPOINTMENT THAT US BUSINESS INSUFFICIENTLY AGGRESSIVE IN RESPONDING TO MOROCCAN GOVERNMENT REQUESTS FOR BID. LANGUAGE AND LONG-ORIENTATION TOWARDS FRENCH SUPPLIERS CITED AS CHIEF PROBLEMS ON SIDE MOROCCAN GOVERNMENT AND PRIVATE SECTOR. GOM HAS ACTIVE SECONDARY SCHOOL ENGLISH-LANGUAGE PROGRAM AND IS TRYING TO EXPAND GRADUATE PARTICIPATION IN US BUSINESS SCHOOLS TO DIMINISH PROBLEM. BUT US SUPPLIERS URGED TO ACQUIRE MORE FRENCH-SPEAKING REPS AND TO INTRODUCE USE OF FRENCH-LANGUAGE DOCUMENTATION AND LITERATURE. ALSO URGED TO ESTABLISH REGIONAL OFFICES IN NORTH AFRICA WHERE POSSIBLE.

4. CHAIRMAN CASEY, FOR HIS PART, POINTED OUT EXIM HAS EXPOSURE UP TO TEN TIMES GREATER THAN HERE IN SEVERAL COUNTRIES OF NO GREATER SIZE OR IMPORTANCE. BANK ANXIOUS AND WILLING TO INCREASE SUPPORT FOR MOROCCAN DEVELOPMENT EFFORT THROUGH EXTENSION OF SUPPLIER CREDITS AT ADVANTAGEOUS TERMS COMPARED TO RATES OF INTEREST ON WORLD CAPITAL MARKETS WHICH MOROCCO PREPARING TO TAP. SEVERAL MINISTERS UNAWARE OF AND IMPRESSED BY EXIM ABILITY TO FINANCE FEASIBILITY STUDIES. WE HAVE IMPRESSION THIS CAN BE COUNTED ON TO GENERATE NEW BUSINESS. END UNCLASSIFIED.

5. BEGIN LIMITED OFFICIAL USE. RELUCTANCE OF US SUPPLIERS TO BID. IN ADDITION TO PROBLEMS OF LANGUAGE, HISTORIC ORIENTATION TO FRENCH MARKET, AND DIFFERENCES IN APPROACH TO DRAWING UP PROJECT SPECIFICATIONS AND SETTING OF BONDING REQUIREMENTS, OF WHICH WE ALREADY AWARE, MINISTER OF PUBLIC WORKS TAZI PROVIDED NEW INSIGHT TO WHAT MAY BE TOUGH BARRIER LIMITED OFFICIAL USE

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TO EXPANSION OF US INDUSTRIAL EXPORTS HERE. TAZI SAID HE LONG PUZZLED BY APPARENT RELUCTANCE US FIRMS TO BID ON MANY PUBLIC WORKS PROJECTS OF SIGNIFICANT SCALE. (EMBASSY HAS BEEN SIMILARLY PUZZLED WHEN, DESPITE BEST EFFORTS TO SUBMIT TIMELY FGT'S, LITTLE OR NO US INTEREST EVIDENT.) MINISTER (WHO SPEAKS ENGLISH) ASSERTED HE HAD RECENTLY TAKEN BULL BY HORNS AND PERSONALLY CALLED GENERAL ELECTRIC, REQUESTING BID ON SIX LARGE HYDRO-ELECTRIC TURBINES. AFTER MUCH BACKING AND

FILLING AND EXPRESSIONS OF UNINTEREST ON PART GE, MINISTER
SUCCEEDED IN DRAWING OUT STATEMENT THAT IF GOM REALLY INTERESTED
IN GE TECHNOLOGY IT SHOULD APPROACH FRENCH COMPANY WHICH HELD
GE LICENSES. END LIMITED OFFICIAL USE.

6. BEGIN UNCLASSIFIED. WE OF COURSE AWARE THAT THERE ARE
SOMETIMES TAX ADVANTAGES IN USING FOREIGN SUBS OR LICENSES AS
SUPPLIERS. AND FORMERLY THERE WERE OFTEN PRICE CONSIDERATIONS.
BUT AT TIME WHEN DOLLAR PRICES HIGHLY COMPETITIVE AND US
PLANT UTILIZATION AT FORTY-YEAR LOW, IMPLICATION OF MARKET-
SHARING ARRANGEMENT IN ABOVE CIRCUMSTANCE NEEDS NO UNDERLINING
AND MAY BEAR JUSTICE DEPARTMENT REVIEW. THIS CITED AS BUT
ONE ANECDOTE AMONG MANY MENTIONED DURING CASEY VISIT OR OF
WHICH EMBASSY AWARE. IF WIDESPREAD, THIS PRACTICE MAY
CONSTITUTE OUR TOUGHEST BARRIER IN PROMOTING US AS SOURCE OF
MAJOR CAPITAL GOODS ITEMS.

7. CHAIRMAN CASEY WILL OVERNIGHT IN CASABLANCA, MEETING
LOCAL REPS US BUSINESS IN EVENING. WILL DEPART CASABLANCA
FOR NEW YORK, 10:55 A., AUGUST 8, TWA FLIGHT 901. END
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: VISITS, DEVELOPMENT PROGRAMS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975RABAT03814
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750273-0503
From: RABAT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750873/aaaacmpu.tel
Line Count: 137
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 18 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 AUG 2003 by BoyleJA>; APPROVED <03 DEC 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXIMBANK: VISIT TO MOROCCO BY CHAIRMAN CASEY
TAGS: EGEN, EFIN, EINV, US, MO, XMB, (CASEY, WILLIAM)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006